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DEPARTMENT OF MENTAL HEALTH

<http://dmh.lacounty.info>

550 SOUTH VERMONT AVENUE, LOS ANGELES, CALIFORNIA 90020

Reply To: (213) 738-2881
Fax: (213) 386-1297

February 27, 2006

TO: Each Supervisor

FROM: Marvin J. Southard, D.S.W.
Director of Mental Health

SUBJECT: **REPORT ON DEPARTMENT OF MENTAL HEALTH'S PLAN TO
ENCOURAGE PARTNERSHIPS AND DEVELOP FORWARD THINKING
STRATEGIES**

On November 11, 2005, on motion by Supervisor Molina, your Board instructed the Department of Mental Health (DMH) to report on its plans to foster partnership between larger, prequalified providers with other viable community based organizations that need further development in capacity and/or financial viability. This report summarizes the plan that has been developed.

1. Incorporation of Provisions Into Future Request For Services and Statement of Work to Encourage and Ensure Partnerships

DMH will continue to address the need to encourage and ensure partnerships. Although a provider initially may fail to qualify under the Request For Statements of Qualification (RFSQ) process for Mental Health Services Act (MHSA) funds, this is an open and continuous process, and the provider may qualify at a later date.

The Request For Services (RFS) encourages partnerships through collaborations and subcontracting with community-based agencies. The intent is to allow subcontractors to demonstrate their ability to provide such services and gain experience with DMH requirements. For example, the RFS Statement of Work for Full Service Partnerships specifically states:

"DMH recognizes there are many community-based providers that have contributed to the Los Angeles County CSS Plan and FSP planning efforts. These providers have expressed a desire to provide CSS services, but currently do not meet the requirements

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specified in the Request for Service Qualifications (RFSQ). These small to mid-size organizations are a potential resource to meet the County's long-term need for mental health services."

"Proposers are encouraged to collaborate with and form partnerships with community-based organizations that have the capacity to provide a range of mental health and other supportive services. Proposers are further encouraged to subcontract with organizations based in ethnic specific communities, underserved communities, and focal population areas that can provide the diverse range of FSP services required. A number of former Subcontractors have gone on to become independent DMH providers as a result of the experience gained through mentoring and capacity building with DMH Proposers."

In the RFS Proposal Narrative, prospective contractors are advised that 5 percent of the total evaluation score is assigned to capacity building. Proposers will be awarded additional points for demonstrating their commitment to partner with community-based organizations. Proposers must include a written statement from all partners/subcontractors indicating their role and willingness to work with the Prime Contractor.

RFS for other Community Services and Supports (CSS) Plan programs and the four remaining MHSA Plans to be announced by the State may generate many opportunities for partnerships and the expansion of service providers. Future work plans may require partnerships or be limited to new providers.

2. Provision of Forward Thinking Strategies.

In order to increase and thus make more inclusive the pool of competent and eligible service providers who can respond to future mental health endeavors at all levels of service, DMH staff, at a minimum, will offer technical assistance to agencies that do not meet the minimum County requirements for the Department's MHSA Master Agreement List as specified in the RFSQ process. DMH will continue to provide assistance to agencies interested in participating in the Service Area Advisory Committees and MHSA Stakeholder process as well as obtaining information about how to become a mental health contractor and/or about program certification.

Long-term strategies for community partnerships and service capacity building will be addressed in the following three MHSA Stakeholder workgroups: Under Represented Ethnic Population (UREP), Workforce Development & Training, and Outreach & Engagement. In these workgroups, several proposals will be

explored to expand community based, culturally competent services. These include outreach and linkage to faith-based organizations that provide lay counseling services, agency mentorship programs, establishing mental health training and education centers in local communities, expansion of family/parent, peer support self-help and consumer run organizations and/or agencies, agency development workshops, etc. See Attachment A for an example of DMH's "Agency Development" strategy.

Staff questions regarding this report may be directed to Dennis Murata at (213) 738-2881 or Olivia Celis-Karim at (213) 738-4644.

MJS:DM
OC:tld

Attachment

c: Executive Officer, Board of Supervisors
Chief Administrative Officer
County Counsel
Health Deputies

LOS ANGELES COUNTY DEPARTMENT OF MENTAL HEALTH

AGENCY DEVELOPMENT

The DMH is committed to implementing forward thinking strategies to increase and thus make more inclusive the pool of competent and eligible service providers who can respond to future mental health endeavors at all levels of service. The DMH recognizes that the optimal success of the emerging full service partnership system will take the development of strong vibrant business structure within participating service providers' organizations. The DMH's strategic plan is evolving to further expand the Department's mental health care consulting role in technical areas of business operations for existing and new contracted service providers. The Department's goal is to provide the contracted providers in our mental health service network with qualitative, reliable and consistent technical business supportive services and communicating with them to find resolution to any barriers to successful "back-shop" business operations. While initially this support program is primarily intended for new contractors, existing contractors will be included.

The initial four areas of focus will be the basics for the business plan, financial management, maintaining accounting records and how they will be kept, and management of the operation. This focus is intended to preemptively mitigate the first and second most frequent reason for business failure—poor management, and inadequate financing and cash flow management. The DMH's business technical support operations role will be to work with its contractors to assist them with the following.

Business Plan: The importance of a comprehensive business plan that emphasizes: defining the service population(s); the service(s) mix; financial resources (i.e., financial position); cash flow management; and the management of the organization is a necessity. The business plan is the comprehensive and thoughtful blueprint for the organization to achieve its goals and objectives. The business plan also will provide the milestones to gage the organizations success. While the Department's Negotiation Package will be the primary document that will be looked to for information, it does not completely substitute as the business plan. The complete outline to be used by the DMH in assisting contractors with their business plan will be:

1. Introduction

- A detailed description of the organization and its goals.
- The legal structure of the organization.
- The skills and experience that the organization has with the delivery of mental health services and activities.
- The mental health services and activities that will be provided.
- The location and size of the geographic area that will be served.
- The target population(s) that will be the client base.

- How the organization's client outreach will be conducted to develop the client base.

2. Financial Management

- Explanation of the source and amount of the initial working capital that is available to finance the mental health services and activities to be rendered.
- Develop a monthly operating budget for the first year of the mental health contract.
- Develop a monthly cash flow analysis for the first year. This will be particularly valuable as a tool when the contractor participates in the Department's cash flow advance program.
- Provide pro forma balance sheets and expenses/revenues statements for the first two years.
- Preparation steps to provide "what if" financial statements that would address alternative approaches to any problems that may develop.
- An understanding the business nature and requirements of the various Plans (responsible financial party funding sources) that may be part of the contractors' contractual relationship with the County.

3. Maintaining accounting records and how they will be kept.

- Discuss who will maintain the accounting records and how they will be kept.

4. Management of the organization.

- Explanation of how the organization will be managed on a day-to-day basis.
- Discussion of hiring and personnel procedures.
- Identify insurance and lease or rent agreements that are or will be in place for the conduct of the service delivery.
- Describe the service delivery system that is or will be in place.
- Description of the information system that the contractor will have in place to record, document, bill and reconcile rendered services.

Financial Management: Sufficient financing and the knowledge of how to manage it well are essential for an organization to be a successful organization. The DMH will assist the contractor with the techniques to determine: whether current cash flow is sufficient or can the current cash flow be managed more effectively; is cash needed for expansion or just for a cushion; reduce the urgency for the cash need; for what purposes is the cash flow going to be used; and does the need for financing mesh with the business plan.

Maintaining accounting records and how they will be kept: The basic components consisting of the balance sheet, income and expense statement, and cash flow analysis provides the necessary information to allocate resources properly, handle unforeseen complications, and make informed business decisions.

Management of the Operation: The most important consideration here is how strong the organization's management team is. The management must have the skills, information and experience to implement the necessary strategy(ies) that will lead to the organization's success. The DMH will work in strengthening any contractor's weaknesses in this area so its management team has the opportunity to develop the skill set to manage the both "inside" and "outside" information sources and to use the information to initiate communication with its Board of Directors, the County, and others in creating positive business relationships.

The DMH's business technical support operations will have as its goal providing outstanding service and satisfaction in terms of reliability, productivity, quality, and responsiveness to new contractors initially and existing providers in the longer term. The technical business support efforts will take place in regularly scheduled meetings, telephone conferences and electronic mail messages. Continuous contractor training will take place as necessary to ensure cooperation, communication and coordination takes place in a prompt, accurate and efficient manner with the contractors in the Department's provider network. Customer satisfaction surveys with the contractors will be used as an evaluation tool of the efficacy of the Department's efforts in providing business technical support.